

Preface

This report presents 1993 earnings and employment data for workers who were in employment covered by the Social Security Act in the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Members of the Armed Forces are shown separately with no geographic distribution. Workers in American Samoa and Guam, U.S. citizens employed abroad by American employers, and persons employed on American oceanborne vessels are grouped together as "Other."

Beginning with this edition for 1993 data, a new residence-based geographic coding system was used for the State and county designations. The system is based on the location of employee residence rather than location of the employer. Direct comparisons cannot be made between States and counties in this edition with those of prior years because employee residence and employer location are often different, and the impact varies from State to State. Further, the new year-end residence coding system generally counts a worker once, while the prior years' system counted workers in each State where they had an employer.

The change in geographic coding resulted from a decline in the voluntary Establishment Reporting Plan, in which employers who operated more than one place of business reported to the Social Security Administration (SSA) the geographic location of their workers for each establishment. Under that system, employers of large multiestablishment firms increasingly reported their corporate or payroll offices as the geographic location for their employees.

The new geographic codes are assigned based on the W-2 address (generally the individual's residence) that the employer sends to SSA by magnetic media (tapes, cartridges, or various types of diskettes) and from self-employment earnings reports. Magnetic media account for more than two-thirds of the total reports filed, and this figure is increasing each year. Paper filers will continue to be coded by location of employment, due to the relatively high cost of obtaining data on residence from these reports. Under current law, magnetic media filing is required by all employers with 250 or more employees. Many smaller firms, however, elect to file on magnetic media.

The new residence-based coding system captures the residence of the great majority of workers and self-

employed persons. A comparison of workers with both wage and salary and self-employment income showed that 96 percent had a valid code under the new coding system. (For a description of the new coding system used for this report, see "The Development of a New Geographic Coding System for the Continuous Work History Sample," by Linda M. Dill, Barry V. Bye, and Cheryl L. Williams, *Social Security Bulletin*, Vol. 57, No. 4 (Winter), 1994.)

Workers with earnings reported in more than one State during the year are shown in each location; however, they are counted only once in the U.S. total. Workers with earnings reported in more than one county within a State are counted in the county where their earnings were highest, unless they also had self-employment income, in which case their earnings are reported in the county of residence according to the self-employment earnings reports. Workers with earnings reported in both wage and salary employment and self-employment are counted in each type of employment, but only once in the total.

In 1993, earnings up to \$57,600 were subject to both Social Security (Old-Age, Survivors, and Disability Insurance) and Medicare (Part A, Hospital Insurance) taxes. Earnings above \$57,600 and up to \$135,000 were subject to Medicare taxes only. Beginning with 1994, the Omnibus Budget Reconciliation Act of 1993 repealed the dollar limit on wages and self-employment income subject to the Medicare tax.

Those workers who had both wage and salary and self-employment earnings and whose wage and salary earnings reached the Social Security taxable maximum are counted under wage and salary only. Their self-employment earnings are not taxable under Social Security. If their wage and salary earnings were below the Medicare taxable maximum, then their self-employment income up to the Medicare taxable maximum is reflected in the contributions amount for self-employment, because all of the contribution amounts include Medicare taxes.

The data in this report are based on the 1-percent Continuous Work History Sample (CWHS), derived from the W-2 wage reports and from Internal Revenue Service schedule SE of Form 1040. This report only includes data for employment covered under the Social Security Act.

Since this report is based on a 1-percent sample,

the data are subject to sampling variability. Each number is actually an estimate of the true value in the overall population. A result of sampling is that the numbers have a level of uncertainty, and this uncertainty increases as the numbers get smaller. Therefore, the numbers shown here, particularly the relatively smaller ones, should be viewed with this in mind. Sampling variability is described in the Technical Note at the end of this report.

To protect the privacy of the worker, table cells with fewer than three sample cases at the State level and 10 sample cases at the county level are not shown.

SSA collects race-ethnic data from form SS-5 (Application for Social Security Card). Responses to the race question on the form are voluntary. From 1936 to about 1980, the race-ethnic designations were limited to White, Black, and Other. After that, the form was revised to have five race-ethnic designations in response to Office of Management and Budget Directive No. 15 (May 12, 1977), "Race and Ethnic Standards for Federal Statistics and Administrative Reporting." Those designations are White, not of Hispanic origin; Black, not of Hispanic origin; Hispanic; Asian or Pacific Islander; and American Indian or Alaska Native. Because most of the data in this report come from the old SS-5, this report only breaks out White and Black and includes any other designations in the overall totals. White and Black are not exactly comparable under the old and new standards because the categories White and Black now exclude those who respond Hispanic.

This report consists of three tables:

Table 1 shows estimated number of workers, taxable earnings, and Social Security and Medicare contributions for wage and salary workers and the self-employed by State, sex, and race in 1993. Throughout this report taxable earnings are defined as those on which Social Security taxes were paid. Since only earnings to \$57,600 were taxed for Social Security purposes in 1993, earnings above that amount are not reported. However, contribution amounts include Medicare taxes on earnings above the Social Security taxable maximum up to the Medicare taxable maximum of \$135,000. Taxable earnings are determined by first counting wage and salary and then any self-employment income up to the taxable maximum. The amount of taxes shown includes both the employee and employer shares for both Social Security and Medicare. The contribution rates in 1993 were the same for both

the employer and employee—7.65 percent (6.2 percent for Social Security and 1.45 percent for Medicare). The rate for self-employed workers was 15.3 percent (12.4 percent for Social Security and 2.9 percent for Medicare). Beginning in 1990, self-employed workers were able to deduct part of their Social Security and Medicare taxes on their Federal income tax return, reducing their amount of self-employment income subject to taxation for Social Security and Medicare purposes.

Table 2 provides information on the estimated number of workers and their age by State, sex, and race in 1993.

Table 3 shows the estimated number of workers, taxable earnings, and Social Security and Medicare contributions for wage and salary workers and the self-employed by State, county, sex, and race in 1993. Where the county is not known, workers are shown as "Statewide."